Trial by Press and Pillory: The Austrian Money Plot, See Page 2

I. F. Stone's Weekly

VOL. I NUMBER 21 JUNE 13, 1953 5 WASHINGTON, D. C. 15 CENTS

Challenging the Left: "Back Ike for Peace"

At the risk of complete and total Leftist excommunication—from the ADA straight across the board through the Communists to the Trotzkyists—I want to put forward a daring slogan in the difficult and precarious weeks ahead: "Back Ike for Peace."

Those who live in a dream world may well believe that Eisenhower as President of the United States need only press a button to oust Syngman Rhee, recognize Red China, restore Formosa to the mainland, put Chiang Kai-shek in the laundry business and ensure peace forever by a quick talk with Churchill, Malenkov and Mao Tse-tung. In that dream world, Eisenhower is to be treated with suspicion until a global peace has been signed, sealed and delivered.

Others on the Left are as giddy as a punch drunk fighter who has had too many blows on the head. They are suddenly certain that the U.S. is so weak and unpopular with its own Western allies that it *must* make peace in Korea and call off the cold war.

But those with some conception of political realities must see the enormous odds against which Eisenhower has slowly been pushing toward peace in Korea. A powerful wing of the Republican party is against a settlement. The American military bureaucracy has been and continues to be opposed to a settlement. The military if given its head is quite capable of stretching out the talks for another year. There was an ominous ring in the happy announcement from Panmunjom as we went to press: "Remember this is not the armistice agreement. It deals with the prisoner of war issue only." The military are prepared if permitted to split hairs for many months more on the exact location of the cease-fire line and on the question of air-field construction during a truce.

As peace comes closer, Syngman Rhee and Chiang Kai-shek, the principal beneficiaries of the Korean war, grow more desperate. Eisenhower last week barely managed to get Senate leaders to withdraw an appropriations rider which would have had the effect of taking the U.S. out of the United Nations if Communist China were admitted. Syngman Rhee counts on the support of the same forces in his intransigeance. The significant point in Rhee's attitude is that he nowhere calls for peaceful unification of Korea by elections under UN auspices; now, as in August 1950 when a truce seemed imminent and such elections were being seriously discussed, he fears an unfavorable verdict at the polls.

It is a mistake to believe that Eisenhower has to contend only with a few wild men and reactionaries. A peacefully unified Korea would be the natural cornerstone of an over-all settlement in the Far East, but such a settlement would require the recognition of Communist China and its admission to the UN. But even in the labor movement this would command little support. John L. Lewis last week declared that admission of Communist China would be the death of the UN. George Meany of the AFL warned against Soviet peace moves as leading toward "a new Munich." A joint statement by the CIO, AFL and UMW to the forthcoming Stockholm conference echoes all the rightist shibboleths about "appeasement" and "liberation". The leadership of American labor is close in spirit to that wing of the Republican party for which Knowland spoke last week when he called for the "calculated risk" of war with Russia if the Korean truce talks fail.

Where then can forces be mobilized to support the drive for peace in Korea and to block a new intervention if Rhee sets the war going again? Eisenhower himself is the focal point of a big business group which wants peace. Their voice was heard in the Senate on June 3 when Senator Edward Martin, Republican, of Pennsylvania, said he had always been a strong supporter of military preparedness but that he had become convinced that under present conditions "it is almost impossible to provide sufficient money to assure an adequate defense", and that "if the present armament race continues all the nations of the world will go bankrupt."

Senator Martin spoke in support of a disarmament resolution introduced that day by another Republican business man, Senator Flanders, of Vermont. This resolution, co-sponsored by an impressive list of Senators from both sides of the aisle, would instruct the President to "develop a plan for the transfer of resources and manpower now being used for arms to constructive ends at home and abroad." This echoes the suggestion put forward by Eisenhower in his speech to the American Society of Newspaper Editors. A recent Gallup poll shows 65 percent in favor of diverting defense funds to world reconstruction. This was essentially FDR's idea and Wallace's, as it was later McMahon's. Despite the ugly clamor of hate in the press, it always seems to strike a favorable response. This popular response is most encouraging for what it tells us about the innate kindliness and good sense of most of our fellow Americans.

I suggest that this resolution and the President's efforts for peace in Korea provide points around which the peace forces in this country may again rally popular support. Truman-Acheson "total diplomacy" sought to make "peace" a subversive word and succeeded in reducing peace agitation to negligible proportions. Here is a chance to break out of the repressive strangle, to raise the peace issue in a context in which people will not be afraid to discuss it. I suggest that "Back Ike for Peace" is a slogan hard to beat. I also suggest that unless in every town and city of this country people begin to talk of peace and call for peace, the bright hope dawning over Panmunjom may yet be suddenly eclipsed in a new and more terrible and wider war.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Trial by Press and Pillory

Frank Coe and The Austrian Money Plot

There is much the newspapers failed to report about the interrogation by the McCarthy committee last week of Frank Coe, former secretary of the International Monetary Fund.

The most striking omission was McCarthy's Freudian "lapse of memory". The Senator asked Coe, "In 1950 when I named you before the Tydings committee and that committee found you simon pure, were you at that time engaged in espionage?" Coe declined to answer.

The proceedings were being televised and the effect on the unwary listener must have been how-right-McCarthy-was-all-the-time. But the record shows that McCarthy never named Coe in his famous State Department charges before the Tydings committee and Coe is nowhere mentioned in its report.

Coe and Bentley

Coe's ruin was a mention by Elizabeth Bentley. On July 31, 1948, she told the House Un-American Activities Committee that as a Soviet agent she had obtained information from a group in the Treasury. When she was concluding, the committee's Counsel, Robert Stripling, asked her "whether or not there is anyone else in this group that you have not named":

Miss BENTLEY. Frank Coe. . . .

Mr. STRIPLING. He was a member of the Communist party, according to your information?

Miss BENTLEY. According to my understanding, yes.

Coe's Denial

Two weeks later Coe took the stand before the committee and swore that he was not a member of any espionage ring, that he never had been a member of any such group, that he had never been a member of the Communist party or followed its line, and that he had never given official information "to any unauthorized person."

Three years later Miss Bentley was before the McCarran committee in the Institute of Pacific Relations inquiry and Robert Morris, the committee counsel, asked her "do you know Frank Coe?"

"Not personally," was Miss Bentley's answer. "He, again, was a member of the Silvermaster group, worked in the Treasury Department. I collected his Communist party dues from the Silvermaster group, and it was my understanding from the Silvermasters, again, that he had been a member of the party for quite some time."

These "understandings" were vague. But Coe may have feared that with the changing atmosphere they might be enough for a perjury conviction. When the McCarran committee put the same 1948 questions to him in December, 1952, Coe changed his tactics and pleaded the Fifth amendment, as he did last Friday. He thereby lost his job as secretary of the Fund.

McCarthy's Secret Mission

Mundt was on the House Un-American Activities Committee when it heard the Bentley testimony in 1948 and Coe's denials. He was acting chairman of the McCarthy committee at the May 29 hearing in McCarthy's absence.

After the May 29 session was over, committee aides leaked to the press a sensational story, "Coe Hunted, Linked to Red Finance Plot". The subcommittee's chairman, McCarthy, was in Mexico on what he said was a secret mission. So was Coe. Was McCarthy's "mission" to have been the dramatic arrest of Coe as a fugitive from justice?

If the Senator was planning a grandstand play in Mexico, Coe robbed him of a headline triumph. According to Coe's own statement, he read a brief account of the charges against him in a Mexican newspaper next morning, May 30, and immediately bought a ticket to return to the United States. En route to Washington, he telephoned his attorney to arrange for a hearing before the committee, which the latter did on June 1.

The hearing, on Friday June 5, just one week after that closed session, illustrated how delusive is the idea that an accused person has any hope of a fair chance to state his own side of the case before these inquisitorial committees.

Calumny by "Leak"

Damaging charges were given out to all the newspapers and wire services after the closed session of May 29 without waiting to get Coe's side of the story. The story pictured Coe as a fugitive and accused him of using his power as secretary of the Fund to try and block an Austrian currency devaluation favorable to the U. S. and opposed by the Soviet Union.

Coe came rushing back from Mexico and was heard by the committee in executive session on Wednesday, June 3. But Coe was not allowed to see a transcript of the May 29 hearing until *after* he had testified on June 3. This means that he had to testify without knowing fully the allegations against him or their source. These committee hearings are exercises in entrapment, and this is typical of their procedure.

Stock Questions

Coe came to the hearing with a prepared statement. The devaluation charges warranted investigation. They involved not only Coe's official conduct but the honor and reputation of an international agency. But the questions which consumed most of the session dealt with the old Bentley charges, the inference to be drawn from pleading the Fifth amendment, and whether Coe could call himself a good American (this is Senator Symington's stock question) and still decline to say if he had ever been a Communist.

Not until the session was almost over did the committee get around to asking him anything about the Austrian currency story. Coe then said it might save time and answer many questions in advance if he were allowed to read his statement.

"You yourself said," Coe pointed out to Senator Mundt, the acting chairman, "that at some proper point you would allow me to read a statement in my own defense."

Mundt said that under Senate rules a statement had to be submitted to the committee 24 hours in advance. Mundt said it would be printed in the record. This is one of the familiar committee devices for effectively preventing a witness from telling his side of a story. The record may not be available for weeks and by then the story has been buried in new sensations.

Defense Ignored

The witness may give out the statement to the press, as Coe did, but usually little attention is paid the statement, other than to note briefly that in it the accused denied the charges against him.

The reason for keeping the witness from reading his statement was obvious to those who had a chance to read it. There were points in it which explode the whole Austrian currency sensation.

Coe said that though the press was informed that the subcommittee had evidence of a message in which he tried to block Austrian devaluation, "I cannot find in the transcript that either Mr. King or Mr. Kerekes, the two witnesses involved, said that I sent such as message. The only places in the transcript where such a statement appears are in questions and comments of Mr. Cohn, counsel of the subcommittee."

Most newspaper readers knew from a statement issued by H. Merle Cochran, acting managing director of the International Monetary Fund, that Coe was on an official mission in the Middle East at the time of the Austrian negotiations.

(Continued on Page Three)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

I. F. Stone's Weekly

• *Editor and Publisher*, I. F. STONE

Published weekly except the last two weeks of August at Room 205, 301 E. Capitol St., S.E., Washington 3, D. C. Subscription rates: Domestic, $5 a year; Canada, Mexico and elsewhere in the Western Hemisphere, $6; England and Continental Europe, $10 by 1st class mail, $15 by air; for Israel, Asia, Australia and Africa, $10 by first class mail, $20 by air mail. Single copy, 15 cents. Tel.: LI 4-7087. Entered as Second Class mail matter, Post Office, Washington, D. C.

June 13, 1953 — Vol. I, No. 21

COMMENT

Journalistic Distinction

Now that the Supreme Court has unanimously overruled the U. S. Circuit Court of Appeals for the District of Columbia (see "Jim Crow in the Capital" in our issue of January 31) and held that Negroes must be served in Washington eating places, a new distinction has been conferred upon the National Press Club. It will be one of the last Jim Crow eating places left in the capital. Walter White was served there once by accident. William H. Hastie, first Negro to sit on the U. S. Circuit Court of Appeals, was refused service when taken there as a guest. As a private club, the National Press can go on insisting that it has a right to be lily-white.

Truman Era Law

A Truman majority on the U. S. Supreme Court has just approved a particularly noxious Truman era innovation in American law. To convict a man without disclosing the identity of his accuser or even the exact details of the accusation is an ancient evil. It gained a foothold here with the Truman loyalty order of 1947. This permitted the FBI to withhold from an accused government employe (and even from his judges) the source and precise nature of an accusation when such disclosure in the FBI's opinion might "endanger its sources of information." Thus the convenience of the secret police was held superior to a man's right fully to defend his reputation.

The spread of loyalty procedures into other fields has spread this fungoid jurisprudence with it. Chief Justice Vinson and the Truman majority have now permitted its extension into the trial of conscientious objectors under the draft law. Those febrile concepts of emergency and security which served to excuse the erosion of ancient liberties and safeguards under Truman echo in the reasoning of his judges.

Chief Justice Vinson ruled, "It is always difficult to devise procedures which will be adequate to do justice in cases where the sincerity of another's religious convictions is the ultimate factual issue. It is especially difficult when these procedures must be geared to meet the imperative needs of mobilization and national vigilance. . . . Under the circumstances", the court could not hold that fundamental rights had been (unduly) violated by the use of secret informer testimony. The excuse of vigilance is as ancient as the evil. "The enemy is not yet so near the gates," Mr. Justice Frankfurter commented dryly in dissenting for himself and Mr. Justices Black and Douglas, "that we should allow respect for the traditions of fairness, which has hitherto prevailed in this country, to be overborne by military exigencies."

Mr. Justice Douglas added a separate paragraph dissent for himself and Mr. Justice Black which we quote in full.

"The use of statements by informers, who need not confront the person under investigation or accusation," Mr. Justice Douglas said, "has such an infamous history that it should be rooted out from our procedure. A hearing at which these faceless people are allowed to present their whispered rumors and yet eseape the test and torture of cross-examination is not a hearing in the Anglo-American sense. We should be done with the practice—whether the life of a man is at stake, or his reputation, or any matter touching upon his status or his rights.

"If FBI reports are disclosed in administrative or judicial proceedings," Mr. Justice Douglas continued, "it may be that valuable underground sources will dry up. But that is not the choice. If the aim is to protect the underground of informers, the FBI report need not be used. If it is used, then fairness requires that the names of the accusers be disclosed. Without the identity of the informer the person investigated or accused stands helpless. The prejudices, the credibility, the passions, the perjury of the informer are never known. If they were exposed, the whole charge might wither under the cross-examination."

Unfortunately this is the dissent, not the holding. Whatever the tradition of Anglo-American law, *American* law as now handed down by the Truman judges permits the use of anonymous informants in the interests of "national vigilance". This was the same reasoning used in the degenerate days Tacitus describes when Imperial Rome honored its informers and strangled those suspected of "subversion", then as now often a synonym for independence of mind.

Dangerous Fellow

While we are on the subject, and if J. Edgar Hoover will keep our identity a secret, we are prepared to inform him that the FBI nurtures a subversive in its bosom.

The Washington Post's columnist on government employment, Jerry Kluttz, reported recently that FBI agents last year voluntarily worked 2,849,016 hours of (unpaid, of course) overtime.

An anonymous letter signed "Government Worker" in last Tuesday's *Washington Post* declared this overtime "about as voluntary as are the votes of the masses in totalitarian countries."

"If the FBI agent's work day must be 9, 10 or 11 hours," the letter continued indignantly, "the democratic way and the dignified way, would be to establish the length of the longer work-day and raise salaries accordingly."

The letter writer says that this overtime practice is "far too criminal and Communist-like" to be "allowed to continue in this democracy," but Mr. Hoover will not be fooled by such patriotic phrases.

That man's a menace. First thing you know radicals under interrogation by FBI men will be asking them, "Brother, are you getting overtime for this?" and passing out union membership applications.

Austrian Money Plot

(Continued from Page Two)

But in his own statement, Coe added that he wrote Cochran and asked whether the records of the Fund showed that any communication had been sent signed "Coe" or "Secretary" asking for postponement of the Austrian devaluation.

"From Mr. Cochran's oral reply," Coe said in his prepared statement, "it appears that not only was no such message ever sent by myself but also that no one in my office in the Fund sent such a message, and further, that nobody at all in the Fund ever sent such a message."

Coe denied that he was in any sense a fugitive. He said he went to Mexico in search of employment and that at the time he left Washington "I was not under subpoena by any other committee of the Congress, by any existing grand jury, or by any other tribunal."

But little if any of this got through to the newspaper reader. The statement will not be available until the full record is printed, and then it may be buried in an appendix since it was not actually read at the hearing. The committee, having had the benefit of two executive sessions, was forewarned that it would be better to change the subject.

There will probably be new sensations before this issue of the *Weekly* comes off the press, and the Austrian charges will be left to dissipate themselves in thin air like another McCarthy stinkbomb. The Coe affair again shows how helpless are the reputations of men and institutions when left to this process of trial by public pillory, Senatorial malice and the press.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

JENNINGS PERRY'S PAGE

We Set the Stage for Doomsday—and Lower Taxes

I honestly forget whether it is the eleventh bomb or the seventeenth we've now set off this spring in Nevada. Or perhaps, counting the ones previously set off out in the islands, it is the seventeenth in all. The remarkable thing is that it doesn't seem much to matter lately; the bigger they come the less noise they make in the world.

The publicity comes harder all of the time. If the last bomb had not had to be postponed on account of the weather, it probably would not have been noticed east of the Mississippi, what with everybody sighing in his democratic beer over Elizabeth our undoubted Queen.

The event well may have implications reasonable men can accept without indigestible distress. It could be, that is, that the apparently general falling off of interest in the fireworks at Frenchman Flats is a sign not just of boredom, nor of resignation, but of adjustment.

Boredom cannot be ruled out altogether, since after awhile one cloud that looks like a mushroom does come to look very like another cloud that looks like a mushroom. Nor need we scout the possibility that many or most of us simply have made up our minds, as have the committee of experts set up under Mr. Kelly by former Defense Secretary Lovett, that there is nothing to be done about the A-bomb save the arms race eternal, that the vulnerability of all nations leaves no option to any save to strive forever to make itself more feared than it is afraid.

It is the third way of looking at it, however, which discovers to us a more bearable prospect. For if our tendency from day to day to take atomic explosions as a matter of course really means that we are becoming used to the idea of living henceforth under the possibility of an all-destroying atomic doomsday, our situation is not hopeless. Though we may not escape fear, and though we must continue yet awhile to find billions of dollars (and rubles) for the arms race, an end to our effort can be envisioned. When we shall have set the stage for the doomsday, we shall be able to return our attention to the primary problems of existence.

Obviously it would be ridiculous for mankind to furnish itself with more than a single means of oblitering mankind. One sure bomb based either on fission or fusion will be sufficient. How long it will be before we possess the magisterial weapon cannot be predicted to the day or the year, but our invention and production is advancing with great strides. The last ruddy mushroom we have thumped up on the Nevada flats was ten times the size of the first one; the flash of it, it is said, was visible in Los Angeles, five hundred miles away.

Meanwhile, the people on the other side of the world are busy, too. Our new intelligence reports (adjusted to the Republican administration's goal of "maximum strength with minimum strain" intimate that the other people will have enough bombs to wage war in 1956. It could be that by then both sides will have enough bombs to assure beyond a doubt that if either side moves to wipe out the other, the retaliation will be automatic, inevitable and equal. In that case we shall have a precise balance of power, the power of *complete* destruction, and with it about as much security all around as anybody will need.

War will have been eliminated not by renunciation nor by disarmament; these preventives having required an act of intelligence the race is not yet up to; but by human effort nevertheless in building up a situation of mutual and consumate fear. We shall have with us the bomb that is as surely suicidal as it is surely murderous, and we shall be, no doubt, quite as capable of adapting ourselves to this new feature of our environment as we have been of adapting ourselves to other terrors bearing upon the fact of our mortality.

We shall not then be able to boast greatly of our accomplishment, but we shall have proved that humanity has the hardihood to survive the A-bomb—just as the housefly and the potato bug have had the hardihood to survive DDT. And with the ultimate bomb set up and triggered, we can cease our labors in that direction, save for maintenance. The arms race will be over. By billions of dollars and rubles our tax rate at last can be cut.

I. F. Stone's Weekly 6-13-53
Room 205
301 E. Capitol St., S.E., Washington 3, D. C.

Please enter the following subscription. $5 for 1 year is enclosed. (See page 3 for foreign rates)

Name .....
Street .....
City ..... Zone.....
State .....

I. F. Stone's Weekly
Room 205
301 E. Capitol St., S.E.,
Washington 3, D. C.

NEWSPAPER

Entered as
Second Class Mail
Matter
Post Office
Washington, D. C.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED